

AMENDING THE DISTRICT OF COLUMBIA BUSINESS
CORPORATION ACT

JUNE 30, 1959.—Ordered to be printed

Mr. HARTKE, from the Committee on the District of Columbia,
submitted the following

R E P O R T

[To accompany S. 660]

The Committee on the District of Columbia, to whom was referred the bill (S. 660) to amend the District of Columbia Business Corporation Act, after full consideration, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 7, strike line 25, and insert in lieu thereof "repealed, and paragraphs (g), (h), and (k) are redesignated (f), (g), and (h), respectively."

Page 9, strike lines 14 and 15, and insert in lieu thereof the following:

SEC. 16. Paragraphs (f) and (i) of section 112 of the District of Columbia Business Corporation Act are repealed, and paragraphs (g) and (h) are redesignated (f) and (g), respectively.

Page 9, strike lines 16, 17, and 18.

Pages 9 and 10, renumber sections 18 and 19 as sections 17 and 18, respectively.

Page 9, line 21, strike the word "section" and insert in lieu thereof "sections".

Page 10, strike the quotation mark after the word "mail."

Page 10, after line 1, insert the following:

SEC. 149. All civil actions under this Act which the Commissioners are authorized to commence, and all prosecutions for violations of the provisions of this Act, shall be brought in the name of the District of Columbia by the Corporation Counsel of the District of Columbia.

SEC. 150. The Recorder of Deeds, after publishing notice of his intention so to do, is authorized, 180 days after the

effective date of this section, to destroy all duplicate original corporation papers filed in his office pursuant to this Act prior to October 2, 1957. Such notice shall describe in general terms each class of papers affected, and shall be published once a week for three consecutive weeks in a newspaper of general circulation in the District of Columbia, the third publication of such notice to appear not less than 30 days prior to the date after which such papers may be destroyed. Any corporation shall be entitled to the return to it of any paper authorized by this section to be destroyed upon written request to the Recorder of Deeds accompanied by a fee in the amount of \$1 for each such paper to cover the cost of postage and handling.

Page 10, line 2, strike the word "thirtieth" and insert in lieu thereof "sixtieth".

The purpose of this bill is to amend the District of Columbia Business Corporation Act, approved June 8, 1954, to make the specific changes which are enumerated below:

Section 1 of the bill amends section 11 of the act to provide a procedure for resignation by registered agents of domestic corporations.

Section 2 amends section 14 of the act to add to the permissible variations between different series of shares of the same class. It authorizes variations in the time of payment and the dates from which dividends on cumulative stock shall be accumulative, and in the extent of other participation rights, if any; also, in the right to vote with holders of shares of any other series or class, and the right to vote as a class, either generally or as a condition to specified corporate action.

Section 3 amends section 20 of the act by adding a provision to relieve a corporation of the necessity of printing on a stock certificate a summary or full statement of (a) limitations and restrictions upon transferability or (b) the designations, preferences, limitations, etc., relating to shares covered by the certificate, but provides that a statement shall be printed on each stock certificate that a summary or full statement of such restrictions will be furnished upon request of the shareholder.

Section 4 amends section 22 of the act to provide a method for establishing that shares of a corporation which have been issued for more than 12 years are fully paid and nonassessable.

Section 5 amends section 26 of the act to permit a different period of notice of shareholders' meetings than is now specified in the act if the bylaws of the corporation provide for such different period.

Section 6 amends section 29 of the act by clarifying rules with respect to (a) the status of a proxy purporting to be executed by a corporation, (b) the voting of shares standing in the name of a partnership and the status of a proxy purportedly executed by the partnership, and (c) the voting of shares standing in the name of two or more persons as joint tenants, tenants in common, or tenants by the entirety.

Section 7 amends section 31 of the act to make it clear that when a quorum is present at a shareholders' meeting, the affirmative vote of the majority of shares represented and entitled to vote shall be controlling unless a larger vote or voting by classes is required by the act or the articles of incorporation. The provision is subject to the exception that in elections of directors, persons receiving the greatest number of votes shall be deemed elected.

Section 8 amends section 35 of the act to provide that a vacancy occurring in a board of directors (other than by reason of an increase in the number of directors) may be filled by affirmative vote of a majority of the remaining directors, though less than a quorum, unless the articles of incorporation provide some different manner of filling the vacancy, such provision shall control.

Section 9 amends subsection (c) of section 42 of the act to provide that a director shall not be liable under either subparagraph 1 or 2 of section 42(a) of the act if he relied and acted in good faith upon financial statements of the corporation represented (as well as certified) in a written report of an independent public or certified public accountant or firm of such accountants to fairly reflect the financial condition of such corporation. (Sec. 42(a)(1) makes directors liable for assenting to the declaration of a dividend or other distribution of assets contrary to the provisions of the act or restrictions contained in the articles of incorporation, and sec. 42(a)(2) makes them liable for assenting to such a dividend or distribution which renders the corporation insolvent or reduces its net assets below its stated capital.) Section 9 also amends section 42 by adding a new subsection setting a 3-year period of limitations on any suit brought against a director on any liability imposed by the act.

Section 10 amends subsection (d) of section 45 of the act to require a stockholder submitting a request for a statement of the affairs of the corporation to state the purpose of his request.

Section 11 amends subsection (a) of section 90 of the act to provide for two additional instances in which the U.S. District Court for the District of Columbia may order the liquidation of a corporation. The added situations are (a) deadlock of directors which the shareholders are unable to break and which causes or threatens irreparable injury to the corporation, and (b) deadlock in voting power of shareholders with resulting inability to elect new directors at two consecutive annual meetings.

Section 12 amends subsection (a) of section 98 of the act to require the annual report of a domestic corporation to give the address of its principal office in the District, if such office is other than its registered office.

Section 13 amends section 103 of the act to provide that the application of a foreign corporation for a certificate of authority to transact business in the District of Columbia shall contain a brief statement of the business the corporation proposes to transact in the District (the purposes for which the corporation is organized appear in the articles of incorporation which are required to be filed with the Commissioners). The section also eliminates provisions requiring the names of the States in which such corporation is admitted to transact business and the requirement to give detailed information as to its authorized and issued shares.

Section 14 amends section 107 of the act to provide a procedure for resignation of the registered agent of a foreign corporation.

Section 15 amends section 108 of the act to provide that a foreign corporation transacting business in the District without a certificate of authority is deemed to have made itself subject to substituted service of process on the Commissioners as its agent. A clarifying change is made in subsection (a) of section 108.

Section 16 amends section 112 of the act by eliminating the requirement that the annual report of a foreign corporation contain the names of the States in which the corporation is qualified to transact business and to give details as to its authorized and issued shares.

Section 17, by adding new section 148 to this act, authorizes the use the certified mail wherever the act now authorizes or requires use of registered mail.

By adding new section 149 to this act, provides that all legal proceedings and prosecutions required by the act shall be conducted by the Office of the Corporation Counsel for the District of Columbia.

By adding new section 150 to this act, provides that the Recorder of Deeds, after public notice and 180 days after the effective date of this section, destroy all duplicate original corporation papers filed in his office pursuant to this act prior to October 2, 1957. Provision is made that any corporation shall be entitled to the return to it of any paper authorized by this section to be destroyed upon written request to the Recorder of Deeds accompanied by a fee in the amount of \$1.

Section 18 provides that this act shall take effect on the 60th day after the date of its enactment.

The bill has the approval of the Commissioners of the District of Columbia and the District of Columbia Bar Association.

The committee was informed that there would be little, if any, additional cost to the District of Columbia government as a result of the enactment of this bill.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law in the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in *roman*):

(68 STAT. 177; 77 STAT. 569)

SEC. 11. (a) A corporation may change its registered office or change its registered agent, or both, by filing with the Commissioners a statement setting forth—

- (1) the name of the corporation;
- (2) the address, including street and number, if any, of its then registered office;
- (3) if the address of its registered office be changed, the address, including street and number, if any, to which the registered office is to be changed;
- (4) the name of its then registered agent;
- (5) if its registered agent be changed, the name of its successor registered agent;
- (6) that the address of its registered office and the address of the business office of its registered agent as changed, will be identical; and
- (7) that such change was authorized by resolution duly adopted by its board of directors or was authorized by an officer of the corporation duly empowered to make such change.

(b) Such statement shall be executed *in duplicate* by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, and delivered to the Commissioners. If the Commissioners find that such statement conforms to the provisions of this Act, they shall:

- (1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;
- (2) file one of such duplicate originals in their office;
- (3) return the other duplicate original to the corporation or its representative.

(c) The change of address of the registered office, or the change of registered agent, or both, as the case may be, shall become effective upon the filing of such statement by the Commissioners.

(d) *Any registered agent of a corporation may resign as such agent upon filing a written notice thereof, executed in triplicate, with the Commissioners, who shall forthwith mail one copy thereof to the corporation at its registered office and another copy thereof to the corporation at its principal office in the District as shown on the records of the Commissioners. The appointment of such agent shall terminate upon the expiration of thirty days after receipt of such notice by the Commissioners or upon the appointment of a successor agent becoming effective, whichever occurs first. No fee or charge of any kind shall be imposed with respect to a filing under this subsection.*

SEC. 14. (a) If the articles of incorporation so provide, the shares of any preferred to special class may be divided into and issued in series. If the shares of any such class are to be issued in series, then each series shall be so designated as to distinguish the shares thereof from the shares of all other series and classes. Any or all of the series of any such class and the variations in the relative rights and preferences as between different series may be fixed and determined by the articles of incorporation: *Provided, That all shares of the same class shall be identical except as to the following relative rights and preferences, in respect of any or all of which there may be variations between the different series:*

(1) *The rate of dividend[.], the time of payment and the dates from which dividends on cumulative shares shall be accumulative, and the extent of other participation rights, if any.*

(2) *The price at and the terms and conditions on which shares may be redeemed.*

(3) *The amount payable upon shares in event of involuntary liquidation.*

(4) *The amount payable upon shares in event of voluntary liquidation.*

(5) *Sinking-fund provisions for the redemption or purchase of shares.*

(6) *The terms and conditions on which shares may be converted, if the shares of any series are issued with the privilege of conversion.*

(7) *Any right to vote with holders of shares of any other series or class and any right to vote as a class, either generally or as a condition to specified corporate action.*

(b) If the articles of incorporation shall expressly vest authority in the board of directors, then, to the extent that the articles of incor-

poration shall not have established series and fixed and determined the variations in the relative rights and preferences as between series, the board of directors shall have authority to divide any or all of such classes into series and, within the limitations set forth in this section, fix and determine the relative rights and preferences of the shares of any series so established: *Provided*, That such authority of the board of directors shall be subject to such further limitations, if any, as are stated in the articles of incorporation and shall always be subject to the limitation that the board of directors shall not create a sinking fund in respect of any series unless provision for a sinking fund at least as beneficial to all issued and outstanding shares of the same class shall either then exist or be at the same time created.

(c) In order for the board of directors to establish a series, where authority so to do is contained in the articles of incorporation, the board of directors shall adopt a resolution setting forth the designation of the series and fixing and determining the relative rights and preferences thereof, or so much thereof as shall not be fixed and determined by the articles of incorporation.

(d) Prior to the issue of any shares of a series established by resolution adopted by the board of directors, the corporation shall file with the Commissioners a statement setting forth—

- (1) the name of the corporation;
- (2) a copy of the resolution establishing and designating the series, and fixing and determining the relative rights and preferences thereof;
- (3) the date of adoption of such resolution;
- (4) that such resolution was duly adopted by the board of directors.

(e) Such statement shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, and shall be delivered to the Commissioners. If the Commissioners find that such statement conforms to law, they shall, when all franchise taxes, fees, and charges have been paid as in this Act prescribed—

- (1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;
- (2) file one of such duplicate originals in their office;
- (3) *return the other duplicate original to the corporation or its representative.*

(f) Upon the filing of such statement by the Commissioners, the resolution establishing and designating the series and fixing and determining the relative rights and preferences thereof shall become effective.

CERTIFICATES REPRESENTING SHARES

SEC. 20. (a) The shares of a corporation shall be represented by certificates signed by the president or a vice president and the secretary or an assistant secretary and sealed with the seal of the corporation. Such seal may be a facsimile. Where such a certificate is countersigned by a transfer agent other than the corporation itself or an employee of the corporation, or by a transfer clerk and registered by a registrar, the signatures of the president or vice president and the secretary or assistant secretary upon such certificate may be fac-

similes. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if such officer had not ceased to hold such office at the date of its issue.

[(b) Every certificate representing shares issued by a corporation which is authorized to issue shares the transferability of which is restricted or limited shall state upon the face or back thereof, in full or in the form of a summary, all of the limitations and restrictions upon the transferability thereof.

[(c) Every certificate representing shares issued by a corporation which is authorized to issue shares of more than one class shall state upon the face or back thereof, in full or in the form of a summary, all of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued, and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.]

(b) *Notwithstanding the provisions of section 15 of the Act entitled "An Act to regulate in the District of Columbia the transfer of shares of stock in corporations and to make uniform the law with reference thereto", approved December 23, 1944 (58 Stat. 927, D.C. Code, sec. 28-2915), every certificate representing shares the transferability of which is restricted or limited shall state upon the face thereof that the transferability of such shares is restricted or limited and upon the face or back thereof shall either set forth a full or summary statement of any such restriction or limitation upon the transferability of such shares or shall state that the corporation will furnish to any shareholder upon request and without charge such full or summary statement.*

(c) *Subject to the provisions of subsection (b) of this section, every certificate representing shares issued by a corporation which is authorized to issue shares of more than one class shall set forth upon the face or back thereof, or shall state that the corporation will furnish to any shareholder upon request and without charge, a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued, and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.*

(d) Each certificate representing shares shall also state—

(1) that the corporation is organized under the laws of the District of Columbia;

(2) the name of the person to whom issued;

(3) the number and class of shares which such certificate represents;

(4) the par value of each share represented by such certificate, or a statement that the shares are without par value.

(e) No certificate shall be issued for any share until such share is fully paid.

(f) As to corporations availing themselves of the provisions of section 141 of this Act, the provisions of this section 20 shall be applicable only to the shares of such corporations issued subsequent to such reincorporation or incorporation.

LIABILITY OF SUBSCRIBERS AND SHAREHOLDERS

SEC. 22. (a) A holder of or a subscriber to shares of a corporation shall be under no obligation to the corporation or its creditors with respect to such shares other than the obligation to pay to the corporation the full consideration for which said shares were issued or to be issued, which, as to shares having a par value, shall be not less than the par value thereof. Any person becoming an assignee or transferee of shares or of a subscription for shares in good faith and without knowledge or notice that the full consideration therefor has not been paid shall not be personally liable to the corporation or its creditors for any unpaid portion of such consideration.

(b) No person holding shares as executor, administrator, conservator, guardian, trustee, assignee for the benefit of creditors, or receiver shall be personally liable as a shareholder, but the estate and funds in the hands of said executor, administrator, conservator, guardian, trustee, assignee, or receiver shall be so liable. No pledgee or other holder of shares as collateral security shall be personally liable as a shareholder.

(c) *Where it cannot be determined that shares which have been issued and outstanding for more than twelve years are fully paid and nonassessable, a determination by the board of directors that the net assets of a corporation applicable to such shares have a fair value at least equal to the stated capital represented by such shares, shall, in the absence of fraud, have the same effect as if such shares had been issued in consideration of such net assets upon such a determination made at the time of issuance, except that no such determination shall affect any rights of any then existing creditors.*

NOTICE OF SHAREHOLDERS' MEETINGS

SEC. 26. Except as provided in section 134 hereof, written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall, *in the absence of a provision in the bylaws specifying a different period of notice*, be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or person calling the meeting, to each shareholder of record entitled to vote at such meeting.

VOTING OF SHARES BY CERTAIN HOLDERS

SEC. 29. (a) Shares standing in the name of another corporation may be voted by such officer, agent, or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine. *A proxy purporting to be executed by a corporation shall be presumed to be valid and the burden of proving invalidity shall rest on any challenger.*

(b) Shares standing in the name of a deceased person may be voted by his administrator or executor, either in person or by proxy. Shares standing in the name of a guardian, conservator, or trustee may be voted by such fiduciary, either in person or by proxy, but no guardian, conservator, or trustee shall be entitled, as such fiduciary, to vote shares held by him without a transfer of such shares into his name.

(c) Shares standing in the name of a receiver or a trustee in bankruptcy may be voted by such receiver or trustee, and shares held by or under the control of a receiver or a trustee in bankruptcy may be voted by such receiver or trustee without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver or trustee in bankruptcy was appointed.

(d) Except as otherwise provided in section 27, a shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

(e) *Shares standing in the name of a partnership may be voted by any partner. A proxy purporting to be executed by a partnership shall be presumed to be valid and the burden of proving invalidity shall rest on any challenger.*

(f) *Shares standing in the name of two or more persons as joint tenants, or tenants in common, or tenants by the entirety, may be voted in person or by proxy by any one or more of such persons. If more than one of such tenants shall vote such shares, the vote shall be divided among them in proportion to the number of such tenants voted in person or by proxy unless a different apportionment of the vote is requested by such tenants.*

QUORUM OF SHAREHOLDERS

SEC. 31. (a) Unless otherwise provided in the articles of incorporation or bylaws, a majority of the outstanding shares having voting power, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders: *Provided*, That in no event shall a quorum consist of less than one-third of the outstanding shares having voting power.

(b) The shareholders present at a duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(c) If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting from time to time until a quorum is present when any business may be transacted that may have been transacted at the meeting as originally called.

(d) *If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number, or voting by classes, is required by this Act or the articles of incorporation, and except that in elections of directors, those receiving the greatest number of votes shall be deemed elected even though not receiving a majority.*

VACANCIES

SEC. 35. Any directorship to be filled by reason of an increase in the number of directors may be filled by election at an annual meeting or at a special meeting of shareholders entitled to vote called for that

purpose. Any vacancy occurring in the board of directors for any cause other than by reason of an increase in the number of directors may be filled [by the board of directors] *by affirmative vote of a majority of the remaining directors, though less than a quorum of the board of directors, unless the articles of incorporation otherwise provide.* A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

LIABILITY OF DIRECTORS IN CERTAIN CASES

SEC. 42. (a) In addition to any other liabilities imposed by law upon directors of a corporation—

(1) directors of a corporation who vote for or assent to the declaration of any dividend or other distribution of the assets of a corporation to its shareholders contrary to the provisions of this Act, or contrary to any restrictions contained in the articles of incorporation, shall be jointly and severally liable to the corporation for the amount of such dividend which is paid or the value of such assets which are distributed in excess of the amount of such dividend or distribution which could have been paid or distributed without a violation of the provisions of this Act or any restrictions in the articles of incorporation;

(2) the directors of a corporation who vote for or assent to the declaration of any dividend or other distribution of assets of a corporation to its shareholders which renders the corporation insolvent or reduces its net assets below its stated capital shall be jointly and severally liable to the corporation for the amount of such dividend which is paid or the value of such assets which are distributed, to the extent that the corporation is thereby rendered insolvent or its net assets are reduced below its stated capital;

(3) the directors of a corporation who vote for or assent to any distribution of assets of a corporation to its shareholders during the liquidation of the corporation without an adequate provision for, or the payment and discharge of, all debts, obligations, and liabilities of the corporation shall be jointly and severally liable to the corporation for the amount of such dividend which is paid or the value of such assets which are distributed, to the extent that such debts, obligations and liabilities of the corporation are not thereafter paid and discharged;

(4) the directors of a corporation who vote for or assent to the making of a loan to an officer or director of the corporation shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

(b) A director of a corporation who is present at a meeting of its board of directors at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

(c) A director shall not be liable under either subparagraph (1) or (2) of this section if he relied and acted in good faith upon a balance sheet and profit-and-loss statement of the corporation represented to him to be correct by the president or the officer of such corporation having charge of its books of account, or certified by *or otherwise represented in a written report of* an independent public or certified public accountant or firm of such accountants to fairly reflect the financial condition of such corporation, nor shall he be so liable if in good faith in determining the amount available for any such dividend or distribution he considered the assets to be of their book value.

(d) Any director against whom a claim shall be asserted under or pursuant to this section, and who shall be held liable thereon, shall be entitled to contribution from the other directors who are likewise liable thereon.

(e) Any director against whom a claim shall be asserted under or pursuant to this section for the improper declaration of a dividend or other distribution of assets of a corporation and who shall be held liable thereon, shall be entitled to contribution from the shareholders who knowingly accepted or received any such dividend or assets, in proportion to the amounts received by them, respectively.

(f) *No suit shall be brought against any director for any liability imposed by this Act except within three years after the right of action shall accrue.*

BOOKS AND RECORDS

SEC. 45. (a) Each corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its shareholders and board of directors; and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of the shares held by each.

(b) Any person or persons who shall be the holder or holders of record of at least 5 per centum of all the outstanding shares of a corporation shall have the right to examine, in person, or by agent or attorney, at any reasonable time or times, for any proper purpose, its record of shareholders and to make extracts therefrom.

(c) A holder of a voting-trust certificate evidencing an interest in a voting trust conforming to the provisions of this Act shall have the same rights as a shareholder to examine and make extracts from the record of shareholders of the corporation.

(d) If any person or persons holding in the aggregate 5 per centum or more of all of the outstanding shares of a corporation shall present to any officer, director, or registered agent of the corporation a written request, *stating the purpose thereof*, for a statement of its affairs, it shall be his duty to make or procure such a statement sworn to by the president or a vice president or by the treasurer or an assistant treasurer, embracing a particular account of its assets and liabilities in detail, and to have the same ready and on file at the registered office of the corporation within thirty days after the presentation of such request. Such statement shall at all times during business hours be open to the inspection of any shareholder and he shall be entitled to copy the same.

(e) Any corporation whose officers or agents shall refuse to allow any such shareholder, entitled under the provisions of this section to examine the record of shareholders, or his agent or attorney, so to examine and make extracts from its record of shareholders, for any proper purpose, shall be liable to such shareholder in a penalty of \$50, in addition to any other damages or remedy afforded him by law. It shall be a defense to any action for penalties under this section that the person suing therefor has within two years sold or offered for sale any list of shareholders of such corporation or any other corporation or has aided or abetted any person in procuring any list of shareholders for any such purpose, or has improperly used any information secured through any prior examination of the record of shareholders of such corporation or any other corporation.

(f) Nothing herein contained shall impair the power of any court of competent jurisdiction, upon proof by a shareholder of proper purpose, irrespective of the period of time during which such shareholder shall have been a shareholder of record, and irrespective of the number of shares held by him, to compel by mandamus or otherwise the production for examination by such shareholder of the books and records of account, minutes, and record of shareholders of a corporation.

JURISDICTION OF COURT TO LIQUIDATE ASSETS AND BUSINESS OF CORPORATION

SEC. 90. (a) The United States District Court for the District of Columbia shall have full power to liquidate the assets and business of a corporation—

(1) upon application by a corporation which has filed a statement of intent to dissolve, as provided in this Act, to have its liquidation continued under the supervision of the court;

(2) when an action has been commenced by the Commissioners to dissolve a corporation and it is made to appear that liquidation of its business and affairs should precede the entry of a decree of dissolution[.];

(3) *in an action by a shareholder when it is established that the directors are deadlocked in the management of the corporate affairs and the shareholders are unable to break the deadlock, and that irreparable injury to the corporation is being suffered or is threatened by reason thereof;*

(4) *in an action by a shareholder when it is established that the shareholders are deadlocked in voting power and for that reason have been unable at two consecutive annual meetings to elect successors to directors whose terms had expired.*

(b) Proceedings under this section shall be brought in the United States District Court for the District of Columbia.

(c) It shall not be necessary to make shareholders parties to any such action or proceeding unless relief is sought against them personally.

ANNUAL REPORT OF DOMESTIC CORPORATION

SEC. 98. (a) Each corporation shall file with the Commissioners, on or before April 15 of each year, an annual report setting forth—

(1) the name of the corporation, the address, including street and number, if any, of its registered office in the District of Columbia, and the name of its registered agent at such address;

(2) *the address, including street and number, if any, of its principal office in the District, if such office is other than its registered office;*

[2] (3) the names and respective addresses, including street and number, if any, of its directors and officers:

[3] (4) a brief statement of the character of the business in which the corporation is actually engaged;

[4] (5) a statement of the aggregate number of shares which the corporation has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class;

[5] (6) a statement of the aggregate number of issued shares, itemized by classes, par value of shares, shares without par value and series, if any, within a class.

(b) Such annual reports shall be made on forms prescribed and furnished by the Commissioners, and the information therein contained shall be given as of the date of the execution of the report.

(c) It shall be executed by the corporation by its president, vice president, secretary, assistant secretary, or treasurer, and verified by the officer executing the report, and the corporate seal shall be thereto affixed.

APPLICATION FOR CERTIFICATE OF AUTHORITY

SEC. 103. A foreign corporation may procure a certificate of authority to transact business in the District by making application therefor to the Commissioners, which application shall set forth—

(a) The name of the corporation and the State under the laws of which it is organized.

(b) If the name of the corporation does not contain one of the words "corporation", "company", "incorporated", "limited", or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in the District.

(c) The date of its incorporation and the period of its duration.

(d) The address, including street and number, if any, of its principal office in the State under the laws of which it is organized.

(e) The address, including street and number, if any, of its proposed registered office in the District, and the name of its proposed registered agent in the District at such address.

[(f) The name or names of the State or States, if any, in which it is admitted or qualified to transact business.]

[(g) The purpose or purposes for which it was organized and which it proposes to pursue in the transaction of business in the District.]

(f) *A brief statement of the business it proposes to transact in the District.*

[(h)] (g) The names and respective addresses, including street and number, if any, of its directors and officers.

[(i) A statement of the aggregate number of shares which is has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class.]

[(j) A statement of the aggregate number of its issued shares itemized by classes, par value of shares, shares without par value, and series, if any, within a class.]

[(k)] (h) Such additional information as may be necessary or appropriate in order to enable the Commissioners to determine whether

such corporation is entitled to a certificate of authority to transact business in the District. Such application shall be made on forms prescribed and furnished by the Commissioners and shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary.

CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT OF FOREIGN CORPORATION

SEC. 107. (a) A foreign corporation may from time to time change the address of its registered office. A foreign corporation shall change its registered agent if the office of registered agent shall become vacant for any reason, or if its registered agent becomes disqualified or incapacitated to act, or if it revokes the appointment of its registered agent.

(b) A foreign corporation may change the address of its registered office or change its registered agent, or both, by filing with the Commissioners a statement setting forth—

- (1) the name of the corporation;
- (2) the address, including street and number, if any, of its then registered office;
- (3) if the address of its registered office be changed, the address including street and number, if any, to which the registered office is to be changed;
- (4) the name of its then registered agent;
- (5) if its registered agent be changed, the name of its successor registered agent;
- (6) that the address of its registered office and the address of the business office of its registered agent, as changed, will be identical;

(7) that such change was authorized by resolution duly adopted by the board of directors or was authorized by an officer of the corporation duly empowered to make such change.

(c) Such statement shall be executed in duplicate by the corporation by its president or a vice president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or an assistant secretary, and shall be delivered to the Commissioners. If the Commissioners find that such statement conforms to the provisions of this Act, they shall—

- (1) endorse on each of such duplicate originals the word "Filed", and the month, day, and year of the filing thereof;
- (2) file one of such duplicate originals in their office;
- (3) return the other duplicate original to the corporation or its representative.

(d) The change of address of the registered office, or the change of registered agent, or both, as the case may be, shall become effective upon the filing of such statement by the Commissioners.

(e) *Any registered agent of a foreign corporation may resign as such agent upon filing a written notice thereof, executed in duplicate, with the Commissioners, who shall forthwith mail a copy thereof to the corporation at its principal office in the State under the laws of which it is organized as shown in the records of the Commissioners. The appointment of such*

agent shall terminate upon the expiration of thirty days after receipt of such notice by the Commissioners or upon the appointment of a successor agent becoming effective, whichever occurs sooner. No fee or charge of any kind shall be imposed with respect to a filing under this subsection.

SERVICE OF PROCESS ON FOREIGN CORPORATION

SEC. 108. (a) Service of process in any suit, action, or proceeding, or service of any notice or demand required or permitted by law to be served on a foreign corporation, may be made on such corporation by service thereof on the registered agent of such corporation. Service of any such process, notice, or demand upon a corporate agent, as such agent, may be had by delivering a copy of such process, notice, or demand to the president, vice president, the secretary, or an assistant secretary of such corporate agent. During any period within which a foreign corporation authorized to transact business in the District shall fail to appoint or maintain in the District a registered agent, or whenever any such registered agent cannot with reasonable diligence be found at the registered office in the District of such corporation, or whenever the certificate of authority of any foreign corporation shall be revoked, then and in every such case the Commissioners shall be an agent and representative of such foreign corporation upon whom any process, notice, or demand may be served. Service on the Commissioners of any such foreign corporation shall be made by delivering to and leaving with them, or with any clerk having charge of their office, duplicate copies of such process, notice, or demand. In the event any process, notice, or demand is served on the Commissioners, they shall immediately cause one of such copies to be forwarded by registered mail, addressed to such corporation at its principal office *in the State under the laws of which it is organized* as the same appears in the records of the Commissioners. Any service so had on the Commissioners shall be returnable in not less than thirty days: *Provided, however, That, if a period of less than or greater than thirty days is prescribed by law or by rules of a court in the District or the rules or regulations of any agency of the United States or of the District, such prescribed period shall govern.*

(b) If any foreign corporation shall transact business in the District without a certificate of authority, it shall, by transacting such business, be deemed to have thereby appointed the Commissioners its agent and representative upon whom any process, notice, or demand may be served. Service shall be made by delivering to and leaving with the Commissioners, or with any clerk having charge of their office, duplicate copies of such process, notice, or demand, together with an affidavit giving the latest known post office address of such corporation and such service shall be sufficient if notice thereof and a copy of the process, notice, or demand are forwarded by registered mail, addressed to such corporation at the address given in such affidavit. Service pursuant to this subsection shall be subject to the requirements of the last sentence of subsection (a) of this section.

[(b)] (c) Nothing herein contained shall limit or affect the right to serve any process, notice, or demand required or permitted by law to be served upon a foreign corporation in any other manner now or hereafter permitted by law.

[(c)] (d) The Commissioners shall keep a record of all processes, notices, and demands served upon them under this section, and shall

record therein the time of such service and their action with reference thereto.

ANNUAL REPORT OF FOREIGN CORPORATIONS

SEC. 112. Each foreign corporation authorized to transact business in the District shall file on or before April 15 of each year with the Commissioners an annual report setting forth—

(a) The name of the corporation and the State under the laws of which it is organized.

(b) If the name of the corporation does not contain one of the words "corporation", "company", "incorporated", or "limited", or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it has elected to add thereto for use in the District.

(c) The date of its incorporation and the period of its duration.

(d) The address, including street and number, if any, of its principal office in the State under the laws of which it is organized.

(e) The address, including street and number, if any, of its registered office in the District, and the name of its registered agent at such address.

[(f) The name or names of the State or States other than the District, if any, in which it is admitted or qualified to transact business.]

[(g)](f) A brief statement of the character of the business in which it is actually engaged in the District.

[(h)](g) The names and respective addresses, including street and number, if any, of its directors and officers.

[(i) A statement of the aggregate number of shares which the corporation has authority to issue, and the aggregate number of its issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class.]

Such annual report shall be made on forms prescribed and furnished by the Commissioners and the information therein contained shall be given as of the date of the execution of the report. It shall be executed by the corporation by its president, vice president, secretary, assistant secretary, or treasurer, and verified by the officer making the report, and the corporate seal shall be thereto affixed.

APPROPRIATION OF FUNDS

SEC. 147. There are hereby authorized to be appropriated from any moneys in the Treasury of the United States to the credit of the District of Columbia, such amounts as may be necessary to carry into effect the provisions of this Act.

SEC. 148. Wherever any provision of this Act authorizes or requires the service or forwarding of any process, notice, or demand by registered mail, such provision shall be deemed to include as an alternative the service or forwarding of such process, notice, or demand by certified mail.

SEC. 149. All civil actions under this Act which the Commissioners are authorized to commence, and all prosecutions for violations of the provisions of this Act, shall be brought in the name of the District of Columbia by the Corporation Counsel of the District of Columbia.

SEC. 150. The Recorder of Deeds, after publishing notice of his intention so to do, is authorized, 180 days after the effective date of this

section, to destroy all duplicate original corporation papers filed in his office pursuant to this Act prior to October 2, 1957. Such notice shall describe in general terms each class of papers affected, and shall be published one a week for three consecutive weeks in a newspaper of general circulation in the District of Columbia, the third publication of such notice to appear not less than 30 days prior to the date after which such papers may be destroyed. Any corporation shall be entitled to the return to it of any paper authorized by this section to be destroyed upon written request to the Recorder of Deeds accompanied by a fee in the amount of \$1 for each such paper to cover the cost of postage and handling.



